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Treasury Designates Bank Melli Front Company in New York City

Washington, DC—The U.S. Department of the Treasury today designated ASSA CORP., a front company created and controlled by Iran's Bank Melli and domiciled in New York, and its parent organization, ASSA CO. LTD, located in the Channel Islands.

"This scheme to use a front company set up by Bank Melli — a known proliferator — to funnel money from the United States to Iran is yet another example of Iran's duplicity," said Under Secretary for Terrorism and Financial Intelligence Stuart Levey. "The dangerous mix of proliferation and deception has led the United States, the European Union and Australia to designate Bank Melli, and the United Nations to issue a call for vigilance with respect to all Iranian banks."

These entities were designated under Executive Order 13382 for being controlled by, and for acting for or on behalf of, Iran's Bank Melli, and for having provided financial support for, or services in support of, Bank Melli. Bank Melli was previously designated under E.O. 13382 on October 25, 2007. E.O. 13382 is aimed at freezing the assets of proliferators of weapons of mass destruction (WMD) and their supporters.

Bank Melli provides financial services, including opening letters of credit and maintaining accounts, for Iranian front companies and entities engaged in proliferation activities. Further, Bank Melli has facilitated the purchase of sensitive materials utilized by Iran's nuclear and missile industries, and has handled transactions for other designated Iranian entities, including Bank Sepah, Defense Industries Organization, and the Shahid Hammat Industrial Group.

Bank Melli has been designated as a proliferator by the United States and the European Union for its role in Iran's nuclear and ballistic missile programs. United Nations Security Council Resolution 1803 calls on all member states to exercise vigilance with regard to activities between financial institutions in their countries and all Iranian banks, particularly Bank Melli.

Further, Bank Melli provides banking services to Iran's military vanguard, the Iranian Revolutionary Guards Corps (IRGC) and the Qods Force, which is a branch of the IRGC that has been designated under Executive Order 13224 for providing support to terrorist groups, including the Taliban, Hizballah, Hamas, Palestinian Islamic Jihad, and the Popular Front for the Liberation of Palestine — General Command.

Bank Melli created ASSA CORP. as a vehicle to hold Bank Melli's interest in a building located at 650 Fifth Avenue, New York, New York, whose construction had been financed, in part, by a Bank Melli loan. ASSA CORP. co-owns the building through a partnership formed with the Alavi Foundation of New York, called 650 Fifth Avenue Company.

ASSA CORP. has repeatedly transferred rental income generated from the 650 Fifth Avenue partnership back to Bank Melli through ASSA CO. LTD. ASSA CORP. also has regularly followed Bank Melli's instructions with regard to ASSA CORP.'s affairs and its management of the investment, and has regularly reported back to Bank Melli on its financial situation, including frequently responding to Bank Melli requests for audits and information regarding company expenses.

This designation does not interfere with the business and other activities of the tenants of 650 Fifth Avenue, and U.S. persons are not prohibited from dealing with business establishments or other tenants of the building.

The preparation and execution of this designation required careful coordination with various components of the U.S. Department of Justice, the Federal Bureau of Investigation, the Internal Revenue Service, the New York Police Department, and the New York County District Attorney's Office.

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